

**Opinion of the Committee of the Regions on the 'Commission Communication: First progress report on economic and social cohesion Conclusions and next steps'**

(2003/C 66/03)

THE COMMITTEE OF THE REGIONS,

having regard to the Commission Communication — First progress report on economic and social cohesion (COM(2002) 46 final);

having regard to the Commission decision of 1 February 2002 to consult the Committee of the Regions on this subject, in accordance with the first paragraph of Article 265 of the Treaty establishing the European Community;

having regard to the CoR Bureau decision of 6 February 2002 to issue an opinion on this subject and to direct the Commission for Territorial Cohesion Policy to draw up the relevant opinion;

having regard to its opinion of 14 November 2001 on the Second report on economic and social cohesion (CdR 74/2001 fin) <sup>(1)</sup>;

having regard to its opinion of 15 February 2001 on The structure and goals of European regional policy in the context of enlargement and globalisation: opening of the debate (CdR 157/2000 fin) <sup>(2)</sup>;

having regard to its opinion of 13 April 2000 on the 6th Periodic Report on the social and economic situation and development of the regions of the European Union (CdR 388/1999 fin) <sup>(3)</sup>;

having regard to the results of the seminar on the partnership principle organised by the Committee of the Regions in Madeira on 10-11 January 2000 in the context of a series of seminars entitled Implementation of the reform of the Structural Funds, 2000-2006 — the contribution of local and regional authorities;

having regard to its opinion of 14 January 1999 on the European Spatial Development Perspective (CdR 266/98 fin) <sup>(4)</sup>;

having regard to the draft opinion adopted by the Commission for Territorial Cohesion Policy on 24 June 2002 (CdR 101/2002 rev.), rapporteur: Mr d'Ambrosio (President of the Marche Region, Italy, PES),

adopted the following opinion at its 46th plenary session of 10 October 2002.

**Part I: Situation and trends in the regions**

**The Committee of the Regions**

1.1. applauds the work of the Commission in drawing up the First progress report on economic and social cohesion, which provides an extensive and detailed overview of the ongoing debate on the future of the EU's cohesion policy;

1.2. welcomes the results registered in recent years regarding cohesion and the positive impact of EU regional policy on strengthening economic and social cohesion within the whole Community; also recalls that cohesion policy, as enshrined in the Treaties, is an instrument by which to achieve the principles of solidarity, cooperation and redistribution and is a cornerstone of integration of the EU's peoples and territories;

1.3. however underscores the uneven progress achieved in the various regions of existing Member States and in particular highlights that, although the level of income per capita has risen in Member States, considerable regional disparities remain, provoking grave concerns that the lagging regions will become increasingly marginalised;

1.4. reiterates the point made in its opinion on the second report on cohesion, that the forthcoming enlargement will exacerbate territorial imbalances within the EU, and therefore highlights the need to pursue an economic, social and territorial cohesion policy that addresses the economic effects of globalisation and its consequences in terms of progressive liberalisation of international trade;

1.5. calls for a strengthening of the regional dimension in cohesion policy as laid down in Article 158 of the Treaty, which aims to promote the overall harmonious development of the EU by reducing the disparities between the levels of development of the various regions;

<sup>(1)</sup> OJ C 107, 3.5.2002, p. 27.

<sup>(2)</sup> OJ C 148, 18.5.2001, p. 25.

<sup>(3)</sup> OJ C 226, 8.8.2000, p. 30.

<sup>(4)</sup> OJ C 93, 6.4.1999, p. 36.

1.6. reaffirms that European regional policy should be considered a horizontal policy whose aim is sustainable development in which all the various sectoral policies must converge, in particular the Common Agricultural Policy, transport and energy policies, competition, environment, research and development policies, and innovation, education and training policies;

1.7. asks the Commission to make a concerted effort to ensure that these policies take cohesion into account, in view of its essential role in integrating the European Union's peoples and territories;

1.8. calls on the Commission to further develop territorial policies as a factor of development and, on the basis of the ESDP and the work done in the CEMAT, to encourage initiatives designed to correct the imbalances of the 'core-periphery' system by fostering cooperation between urban, rural and peripheral areas in order to promote polycentric development in the EU;

1.9. as a consequence of applying the subsidiarity principle, reaffirms the need for increased and more effective involvement of Member States and regional and local authorities in the framing of cohesion policies, without this leading to a re-nationalisation of regional development policies;

1.10. moreover emphasises that the regional dimension encourages the implementation of equal opportunities policies for men and women and is an essential prerequisite for effective economic and social cohesion.

## Part II: **Developing the debate**

### The Committee of the Regions

2.1. notes that the Commission considers the threshold of 0.45 % of Community GDP reserved for cohesion policy as the minimum level of funding, and stresses that the new regional policy must be founded on a closer correlation between initiatives promoting regional development and the required financial resources;

2.2. advises maintaining the current rules for eligibility of lagging regions, in particular the threshold for income per capita to qualify for Objective 1 status (75 % of EU average income per capita). However the Committee of the Regions calls on the European Commission to consider introducing additional complementary criteria to reflect particular situations;

2.3. welcomes the Commission proposal to make initiatives to develop lagging regions a priority, and agrees that a two-speed policy should be avoided, since the disparities displayed in these regions cannot be reduced to a simple division between Member States and candidate countries;

2.4. calls on the Commission to make suitable provisions for regions which no longer qualify for Objective 1 status, either by phasing out aid — with a higher rate of phasing out for regions disqualified due to the statistical effect of enlargement — or by awarding these regions future Objective 2 status;

2.5. notes that, contrary to what was stated in the second report on cohesion, the first progress report does not tackle the issue of Objective 2 regions, and underscores that maintaining Community aid in 'non-lagging regions' is justified both by the persistent economic development and reconversion problems in many regions and by the fact that the Structural Funds are an essential instrument in supporting regional development potential in the whole EU, representing crucial added value;

2.6. reconfirms its support for the Commission's approach as laid down in the second report on cohesion, which states that the aim of the new Objective 2 is to correct specific territorial imbalances; moreover believes that, in drafting the future regional policy, particular attention should be focused on regions with permanent geographical handicaps;

2.7. invites the Commission to devise ways of integrating the various funds and initiatives targeting 'non-lagging regions' in order, on the basis of current experience, to promote structural development strategies (transport, communications, water and energy networks, research and technological development) and maximise local resources (human, natural, cultural and social), while leaving the regions and other competent tiers of authority the power to decide on the territorial and thematic allocation of aid once the general criterion for distributing funding between countries and regions has been applied, taking into account the present levels of allocation; and calls, more generally, for the portion of the Structural Funds total allocated to the new Objective 2 to be no less than that for the current programming period;

2.8. suggests that in such areas, Commission action should be focused on activating resources targeting specific phenomena, with funding that is commensurate with the extent of the problem, and promoting, in sectors where this is possible, cross-border, trans-national and inter-regional cooperation, taking account of the priorities for action as identified by regional governments and compatible with Community objectives;

2.9. reaffirms its position as detailed in the CoR opinion on the second report on cohesion concerning the need to integrate the various intervention instruments used at present (Objective 2, 3 and so on), whilst retaining the regional focus;

2.10. emphasises the need to step-up cross-border, trans-national and inter-regional cooperation as a practical instrument not only for regional policy but also for more balanced development of the whole EU area. Moreover, upon enlargement, particular attention should be devoted to cooperation with regions outside Community borders. On the basis that trans-national cooperation generates substantial European added value, all EU measures should allow scope for transforming local and regional development projects into trans-national cooperation, where desirable;

2.11. urges the Commission to take more decisive steps to simplify procedures which, with a view to real subsidiarity and in line with the partnership principle, should lead to a differentiation of roles between the Commission (setting general principles and providing technical support to achieve them) and Member States in their various forms (fund management and programming);

2.12. calls on the Commission to strive for more cogent and efficient coordination of the various instruments for structural funding (ERDF, EAGGF and ESF) which should focus on coherent, integrated policies for developing economic and social cohesion in the regions;

2.13. stresses how important it is that all sectoral policies with a strong regional impact, as well as competition and taxation policies, should contribute to the objective of cohesion and, in particular concerning regional aid and in the prospect of enlargement, invites the Commission to:

- a) assess the possibility of maintaining the areas within the EU-15 currently covered by ex-Article 87.3 (a) and (c) of the Treaty, in order to prevent further disparities;
- b) encourage the simplification of procedures for granting regional aid.

Brussels, 10 October 2002.

*The President  
of the Committee of the Regions*  
Albert BORE

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